

# Patent and Trademark Office



- Broadening Trade
- Performance Based Organization

## Enabling Legislation

The foundation for the American Patent System was a law enacted in 1790 based on Article 1, Section 8, Clause 8 of the Constitution whereby Congress has the power “to promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.” The current trademark system is grounded in the Trademark Act of 1946, although the first American federal trademark legislation was passed in 1870. Statutes for PTO are embodied in Titles 15 (Trademarks) and 35 (Patents) of the U.S. Code.

## Bureau Context

**As the steward for the Nation’s patent and trademark registration system, PTO has maintained its basic role of granting patents and registering trademarks.** In this role, PTO operates in a dual management capacity: like a business, totally reliant on its own generated income and accountable for the judicious use of revenue from its fee-paying customers; and as a federal agency, accountable for maintaining and strengthening the foundation and integrity of the Nation’s patent grant and trademark registration systems.

As a fee-for-service agency, PTO expects to receive 559,000 patent and trademark applications and to issue 155,000 patents and register 141,000 trademarks in fiscal year 2000.

PTO’s mission is to:

- Administer the laws relevant to granting patents and registering trademarks
- Advise the Secretary of Commerce, the President of the United States, and the Administration on patent, trademark, and copyright protection
- Advise the Secretary of Commerce, the President of the United States, and the Administration on the trade-related aspects of intellectual property

To fulfill the Department’s mission, strategic themes and initiatives, PTO works with other Commerce bureaus. PTO’s contributions to the DOC mission and themes are listed by major business area in the chart that follows.

<u>Department Theme</u>	<u>PTO Strategic Goal</u>	<u>Organization</u>	<u>Performance Goal</u>
I: Economic Infrastructure	Play a leadership role in intellectual property rights policy, including trade-related intellectual property issues for which we have responsibility.	Policy Function	To help protect, promote and expand intellectual property rights systems throughout the United States and abroad.
III: Resources and Assets	Provide our customers with the highest level of quality and service in all aspects of PTO operations.	Patent Business	To grant exclusive rights, for limited times, to inventors for their discoveries through the issuance of high quality and timely patents.
III: Resources and Assets	Provide our customers with the highest level of quality and service in all aspects of PTO operations.	Trademark Business	To enhance trademark protection through the registration of high quality and timely trademarks.
II: Science and Technology	Provide our customers with the highest level of quality and service in all aspects of PTO operations.	Information Dissemination Business	To promote awareness of, and access to, patent and trademark information.

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As one of Vice President Gore's High-Impact Agencies (HIA); the PTO has committed to high-impact performance goals that are customer-oriented and results-driven. HIA performance goals are supported in our FY 1999 and FY 2000 Corporate Plans (budget requests). These commitments began in FY 1999 and will reach full completion in FY 2003. HIA goals are as follows:

### **High Impact Agency (HIA) Goal 1**

Reduce the PTO's trademark processing time to three months to first action and offer electronic filing capabilities to our customers in fiscal year 1999. Place on PTO's web site an electronic trademark application and provide trademark customers the option to file applications and related papers electronically.

### **HIA Goal 2**

Test reengineered patent examination processes and automated systems in 1999; Deploy electronic filing of patent applications in 2003; Reduce PTO processing time for inventions to 12 months in 2003 (and for 75 percent of all inventions in 1999).

### **HIA Goal 3**

Partner with the World Intellectual Property Organization (WIPO) to achieve electronic filing of Patent Cooperation Treaty (PCT) applications in 1999 and, in 2000, electronically receive and process PCT applications at the PTO.

### **HIA Goal 4**

Enable customers to use the Internet to request the status of their patent and trademark applications, to place orders and receive products, and to access patent and trademark data in 1999.

### **HIA Goal 5**

Establish a fee schedule that encourages participation in the patent and trademark systems and aligns with costs beginning 1999 through 2003.

### **HIA Goal 6**

Offer PTO employees innovative training programs at PTO University and work-at-home opportunities beginning 1999 through 2003.

### ***Priorities and Initiatives***

*Broadening Trade*—PTO will increase its technical assistance efforts to foreign (especially developing) countries. These efforts focus on the preparation of laws and regulations regarding intellectual property.

*Performance-Based Organization*—PTO continues to restructure its resource management and core program processes and systems to support a results-oriented and customer-driven environment.

*Digital Department*—PTO will automate patent and trademark activities and offer access via the Internet to expand the range of electronic options offered to customers.

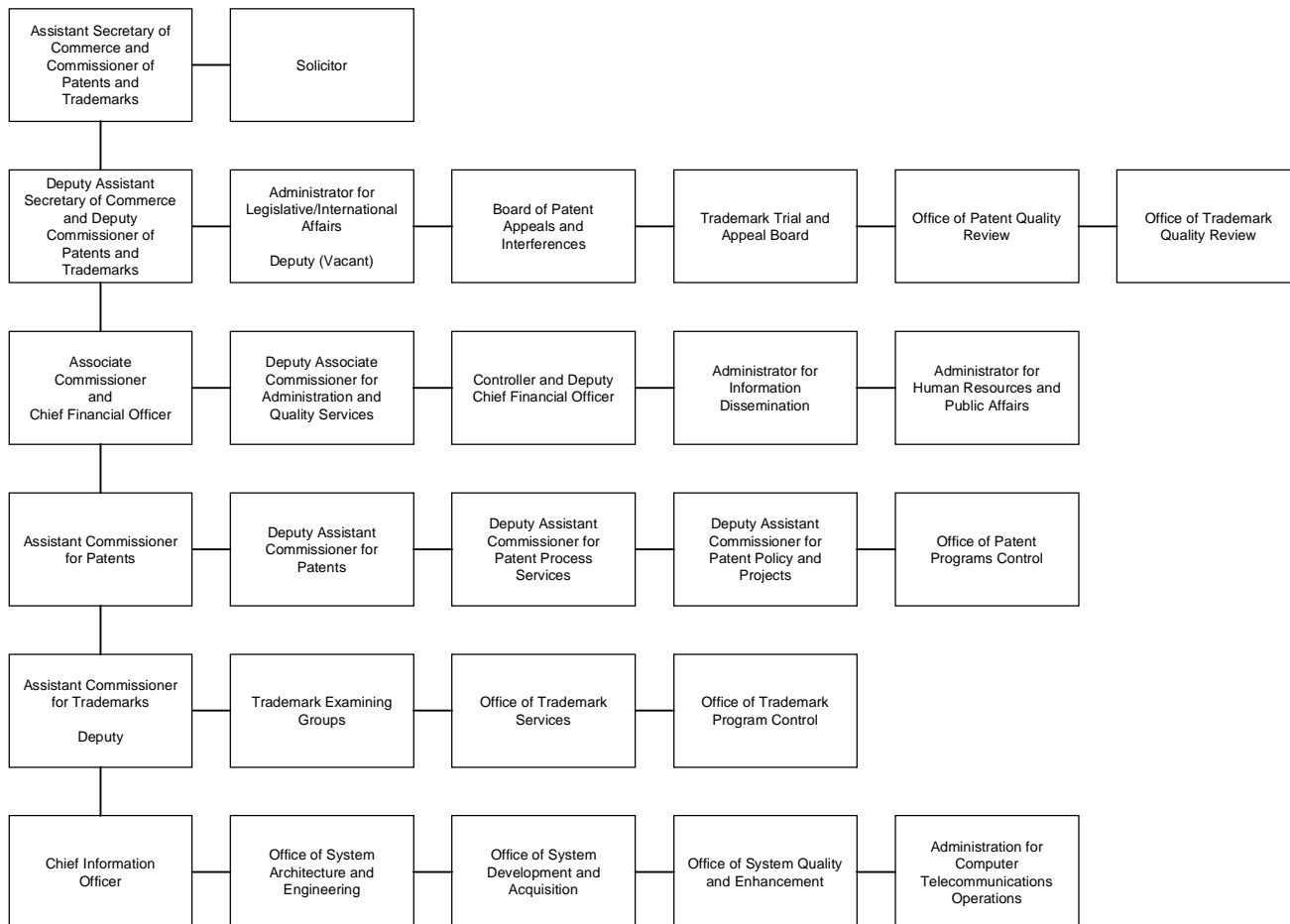
*Clean Financial Audits*—PTO continues to enhance internal resource management controls and the integrity of automated financial systems.

# Patent and Trademark Office



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## Organizational Structure



# Patent and Trademark Office



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## Measures and Targets Summary

**Goal: Help protect, promote and expand intellectual property rights systems throughout the United States and abroad**

<u>Measure</u>	<u>FY 2000 Target</u>
Number of technical assistance activities completed	80

**Goal: Grant exclusive rights, for limited times, to inventors for their discoveries**

Average cycle time of original inventions processed (months)	10.2
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Percent of customers satisfied	70
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**Goal: Enhance trademark protection**

Pendency time to registration (months)	3.0 to first action 13.8 to disposal/ registration
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Percent of customers satisfied	80
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**Goal: Promote awareness of, and provide effective access to, patent and trademark information**

Percent of key products and services meeting schedules or cycle time of standards	80
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## Resource Requirements Summary



\$922.0 Million (including \$20 million to be transferred from OPM for the post-retirement health and life insurance costs for PTO employees)



6801 FTEs - Engineers, Scientists  
Skills: Expertise in intellectual property law and appropriate scientific and technical disciplines, Computer Technology, Knowledge of Global Intellectual Property Rights Systems and Policies



IT Requirements:  
\$155.2 Million  
Electronic Commerce; Digital Department; Electronic Filing; Performance-Based Organization; Electronic Workplace; Clinger-Cohen Act; Capital Programming

## Patent and Trademark Office

Help protect, promote, and expand intellectual property rights systems throughout the United States and abroad



- Broadening Trade
- Performance Based Organization

### **Rationale for/Comments on Performance Goal:**

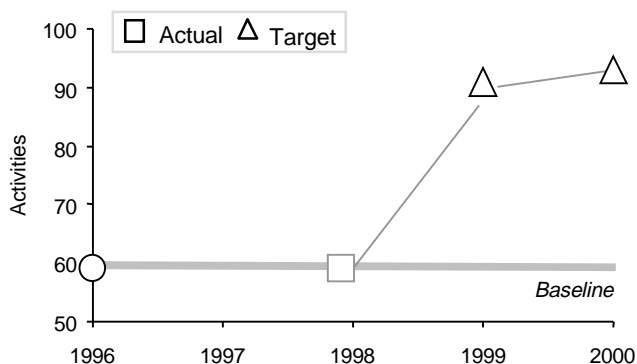
Technical assistance is one method of promoting U.S. competitiveness in the global marketplace. Assistance also strengthens and safeguards the Nation's economic infrastructure by indirectly promoting and shaping intellectual property throughout the world. PTO provides seminars and technical training to officials in countries on reforming their intellectual property structures. As part of the Broadening Trade initiative, PTO will increase its assistance efforts in Africa.

To achieve HIA Goal 3 and the *Digital Department* initiative, the PTO will work with the WIPO to achieve electronic filing of PCT applications. The PTO will also electronically receive and process PCT applications at the PTO.

PTO will meet its performance target by enhancing its activities to include compliance with the Agreement on Trade-Related Aspects of Intellectual Property's (TRIPS) Article 67. Article 67 requires developed country members of the World Trade Organization to provide technical assistance to developing and least-developed countries in preparing laws and regulations on the protection and enforcement of intellectual property.

PTO will continue working with the World Intellectual Property Organization (WIPO) to develop activities that will incorporate information technology in the administration of intellectual property systems.

### **Measure: Number of technical assistance activities completed**



### **Data Validation and Verification**

<b>Target:</b>	93 (FY 2000)
<b>Source:</b>	Records maintained by the PTO's Office of Legislation and International Affairs (OLIA)
<b>Frequency:</b>	Annual
<b>Data storage:</b>	OLIA's records
<b>Verification:</b>	Reported in the Chief Financial Officer's Report – an audited document

## Patent and Trademark Office

Help protect, promote, and expand intellectual property rights systems throughout the United States and abroad  
(cont.)



- Broadening Trade
- Performance Based Organization

### Means and Strategies

Partnerships and negotiations with other countries' patent and trademark organizations directly support this goal. Increasing technical assistance to developing countries will facilitate these negotiations and partnerships.

### Crosscutting Activities

- *Department of State, the Office of the United States Trade Representative (USTR), and the International Trade Administration (ITA):* The PTO collaborates with these agencies in the formulation and negotiation of proposals for the protection of intellectual property, both at home and abroad, and collaborates with other agencies in administering the patent and trademark laws.
- *The Office of the United States Trade Representative (USTR):* PTO also advises the USTR on unfair foreign trade practices for intellectual property (Section 301).

### External Factors

- PTO relies on the expressed interest of officials from foreign countries to take advantage of technical assistance related to intellectual property.

### Resource Requirements



\$21.9 Million



100 FTEs

Skills: Expertise in patent law and multiple scientific and technical disciplines, Computer Technology, Knowledge of Global Intellectual Property Rights Systems and Policies, Global Intellectual Property Systems and Policies



IT Requirements: \$3.7 Million

Wire the World; Share of Enterprise Infrastructure

## Patent and Trademark Office

Grant exclusive rights, for limited times, to inventors for their discoveries



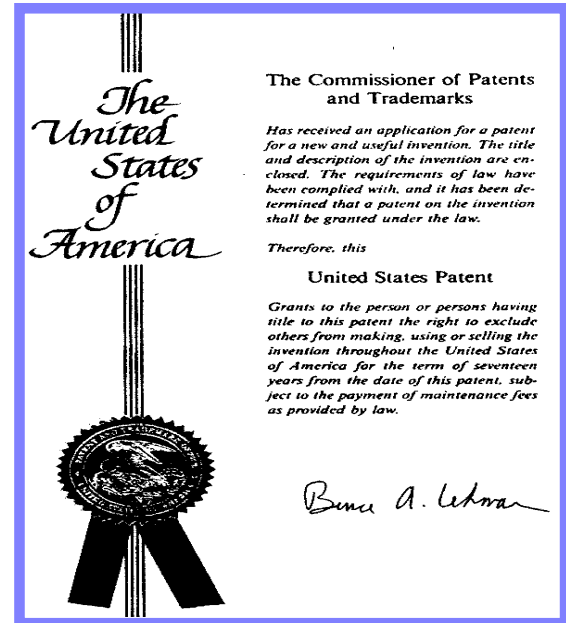
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### Rationale for/Comments on Performance Goal:

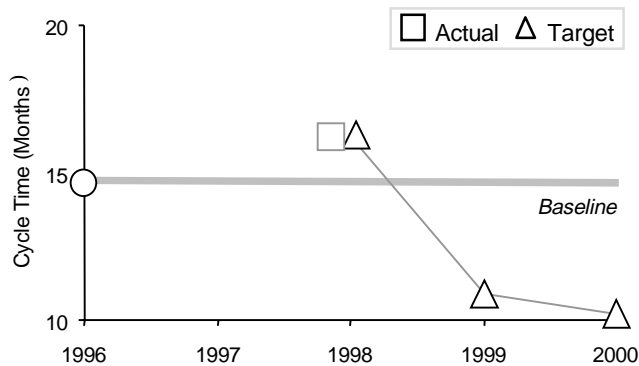
A PTO decision on patentability must be timely and of high quality, because it influences investment, development and marketing strategies, and eventually, the financial viability of U.S. businesses.

In support of the *Digital Department* initiative, the Patent Business will accelerate electronic processing of patent applications.

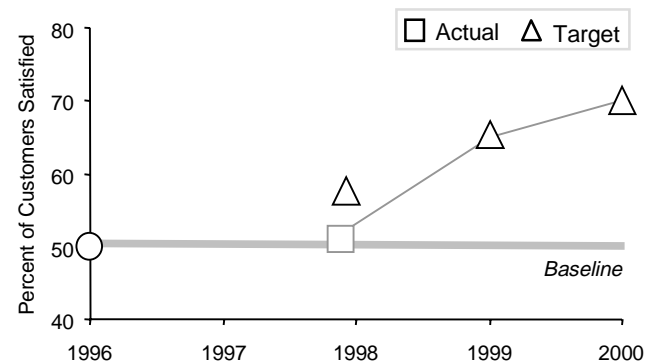
To achieve HIA Goals 2, 5, and 6 the PTO will test reengineered patent examination processes and automated systems; deploy electronic processing of patent applications; reduce patent processing time for inventions; and establish a fee schedule that encourages participation in the patent system while aligning with costs. Finally, PTO will offer Patent employees innovative training programs.



### Measure: Cycle time of inventions processed



### Measure: Percentage of customers satisfied



#### Data Validation and Verification

**Target:** 10.2 months (FY 2000) average

**Source:** Automated systems (Patent Application Locator and Monitoring – PALM, and the Federal Financial Systems – FFS).

**Frequency:** Input—Daily; Reporting—Monthly

**Data storage:** PALM, Automated systems, reports.

**Verification:** Reported in the Chief Financial Officer's Report – an audited document.

#### Data Validation and Verification

**Target:** 70% (FY 1999) Customer satisfaction surveys are conducted annually.

**Source:** Customer surveys.

**Frequency:** Varied. Surveys are currently conducted and results reported every two years. Beginning FY 1999, customer satisfaction surveys will be conducted every year.

**Data storage:** PALM, Automated systems, reports.

**Verification:** Reported in the Chief Financial Officer's Report – an audited document.



## Patent and Trademark Office

Grant exclusive rights, for limited times, to inventors for their discoveries (cont.)



- Broadening Trade
- Performance Based Organization

### Means and Strategies

- Increase the patent examining staff by 394 and reduce cycle time by 2.1 months in each subsequent year.
- Implement process changes to accommodate an increase in the number of patent disposals (234,000) and the number of issued patents (155,000). Incorporate new work roles, responsibilities and relationships and test reengineered processes into the production pipeline.
- Continue to deploy automated systems. Continue deploying a network to connect the European Patent Office, Japanese Patent Office, PTO and World Intellectual Property Organization.
- Propose revised fee schedule in the Federal Register.
- Secure customer feedback (written comment or open meetings).
- Address customer comments.
- Publish final rules and, if necessary, secure fee legislation.

### Crosscutting Activities

- *Departments of Agriculture, Justice and State:* The Patent Business partners with these agencies in the formulation of intellectual property proposals.
- *USAID:* The Patent Business partners with USAID to improve systems for effectively granting and protecting intellectual property rights.
- *Departments of Defense and Energy and NASA:* The Patent Business partners with these agencies in handling patent applications having national security implications.
- *Department of Health and Human Services:* The Patent Business partners with HHS in handling both AIDS-related and recombinant DNA information.

### External Factors

- The Patent Business' workload is related to national economies and the businesses that operate within those economies as almost 50% of patent applications come from overseas. Changes to the American or foreign economies could have an impact on incoming work – either negatively or positively. For example, the PTO currently is watching the economies of the Asian countries to determine potential impact on workload and revenue.

### Resource Requirements



\$713.5 Million



5391 FTEs: Engineers, Scientists  
Skills: Expertise in patent law and multiple scientific and technical disciplines, Computer Technology, Knowledge of Global Intellectual Property Rights Systems and Policies, Biotechnology, Computer Technology



IT Requirements: \$119.6 Million  
Patent Image Capturing Systems; Application Capture and Review; Electronic Application Management; Electronic Filing System; Patent Global Information Network; International Priority Document Exchange; Share of Enterprise Infrastructure



## Patent and Trademark Office

### Enhance trademark protection



Performance  
Based  
Organization

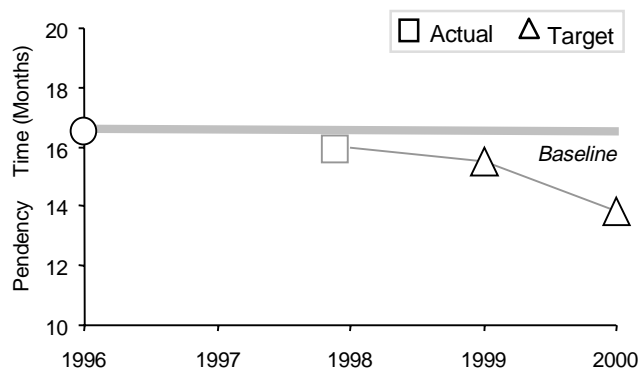
#### Rationale for/Comments on Performance Goal:

PTO will maximize the business potential of trademarks and contain the cost of trademark application processing.

In support of the *Digital Department* initiative the Trademark Business will enhance communication with customers and employees by transforming trademark processing into a fully electronic operation.

To achieve HIA Goals 1, 5, and 6, PTO will reduce trademark processing time, and provide trademark customers the option to file applications and related papers electronically by placing an electronic trademark application on the PTO web site. Finally, PTO will establish a fee schedule that encourages participation in the trademark system, and aligns with cost and will offer employees innovative training programs and work-at-home opportunities.

#### Measure: Pendency time to disposal/registration



#### Data Validation and Verification

**Target:** 13.8 months (FY 2000) (3.0 months to first action)

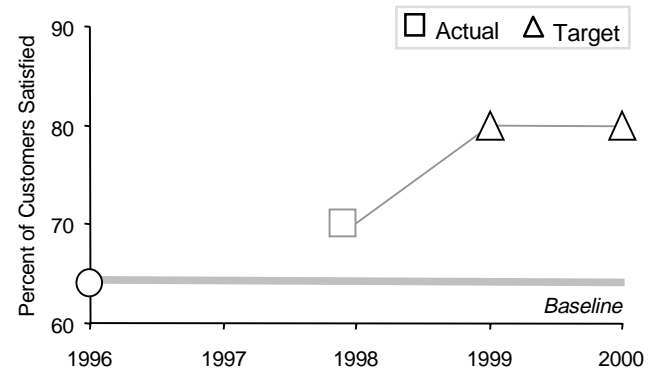
**Source:** Automated systems (Trademark Application Monitoring – TRAM, and the Federal Financial Systems – FFS).

**Frequency:** Varied. Input—Daily; Reported—Monthly.

**Data storage:** TRAM/Trademark Information System

**Verification:** Reported in the Chief Financial Officer's Report – an audited document.

#### Measure: Percentage of customers satisfied



#### Data Validation and Verification

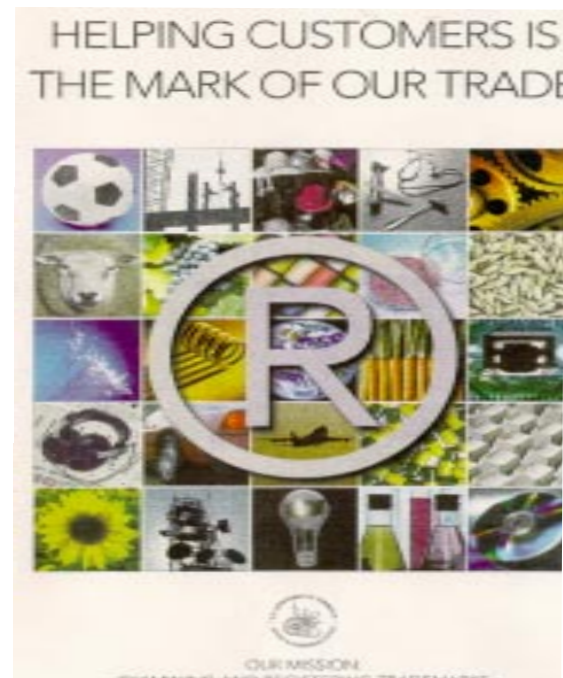
**Target:** 80% (FY 2000) Customer satisfaction surveys are conducted annually.

**Source:** Customer surveys.

**Frequency:** Varied. Surveys are currently conducted and results reported every two years. Beginning FY 1999, customer satisfaction surveys will be conducted every year.

**Data storage:** TRAM/Trademark Information System

**Verification:** Reported in the Chief Financial Officer's Report – an audited document.



## Patent and Trademark Office

### Enhance trademark protection (cont.)



Performance  
Based  
Organization

#### Means and Strategies

- Continue to train and educate newly hired Trademark examining attorneys and thereby maintain pendency to first action at 3 months.
- Continue to leverage information technology to automate the processes in increments that deliver the highest return on investment.
- Be prepared to implement the Trademark Law Treaty by October 1999.

#### Crosscutting Activities

- *U.S. Customs Service:* The Trademark Business partners with the Department of Treasury's U.S. Customs Service regarding counterfeit goods or services.

#### External Factors

- The Trademark Business' workload is related to national economies and the businesses that operate within those economies. Changes to the American or foreign economies could have an impact on incoming work – either negatively or positively.
- Several significant pieces of legislation are pending in the Congress that, if enacted, could cause the Trademark Business to revamp its strategic agenda for the next several years.

#### Resource Requirements



\$109.3 Million



1047 FTE

Skills: Expertise in trademark law, Computer Technology, Knowledge of Global Intellectual Property Rights Systems and Policies, Biotechnology, and toehr actively developing areas of science and technology, as appropriate and as shaped by customer demand



IT Requirements: \$23.4 Million

Trademark Data Entry and Update System (TRADE UPS); Trademark Image Capture and Retrieval System (TICRS); Trademark Photocomp; Trademark Reporting and Monitoring (TRAM++) System; Trademark Information System (TIS); Trademark Electronic Application System; Share of Enterprise Infrastructure

## Patent and Trademark Office

Promote awareness of, and provide effective access to,  
patent and trademark information



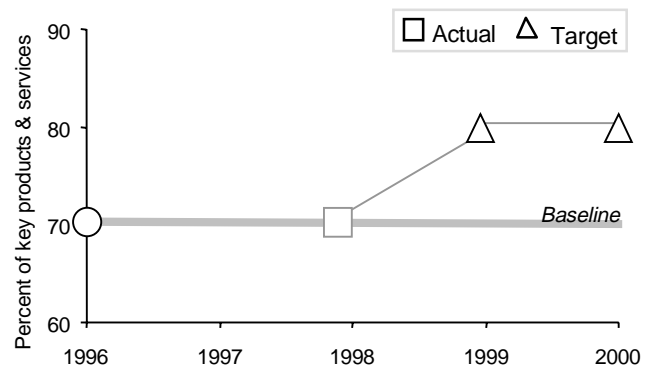
### Rationale for/Comments on Performance Goal:

Timely availability of patent and trademark information is critical to the user community.

To support the *Digital Department* initiative, the Information Dissemination Business will enable customers to use the Internet to request the status of their patent and trademark applications, to place orders and receive products, and to access patent and trademark data.

To achieve HIA Goals 4, 5, and 6, PTO will offer electronic accessibility to customers to check application status, place orders and receive products via the Internet. The PTO will also offer employees innovative training programs and will establish a fee schedule that encourages participation in the patent and trademark systems and aligns with cost.

### Measure: Percent key products and services meeting schedules or cycle time of standards



### Data Validation and Verification

<b>Target:</b>	80 (FY 2000)
<b>Source:</b>	Internal IDO records; automated systems (the Order Entry Management System, and the Patent and Trademark System; customer surveys.
<b>Frequency:</b>	Quarterly
<b>Data storage:</b>	TRAM/TIS, Automated systems, reports.
<b>Verification:</b>	Reported in the Chief Financial Officer's Report – an audited document.



### Means and Strategies

- Begin delivering general patent and trademark information and bulk data products via the Internet.
- Begin responding to customer inquiries via Internet e-mail.

## Patent and Trademark Office

Promote awareness of, and provide effective access to,  
patent and trademark information (cont.)



### Crosscutting Activities

- *Bureau of Census*: The Information Dissemination Business works with the Census Bureau to provide an annual report on patent statistics for the Statistical Abstract of the United States.
- *Government Printing Office (GPO)*: GPO replicates PTO's CD-ROM products and makes them available to their depository libraries.
- *National Science Foundation (NSF)*: PTO partners with NSF on the Report to the President on Science and Engineering Indicators.
- *U.S. Customs Service*: PTO provides Customs with CD-ROMs of trademark information.

### External Factors

- The Information Dissemination Business (IDB) responds to customer demands for products and services. Growing interest and use of the patent and trademark systems continue to increase the demand for products and services. To meet the challenge of delivering intellectual property information when, where and in the format needed by customers, the IDO Business must offer its varied customer groups a diverse product portfolio.

### Resource Requirements



\$57.3 Million



263 FTE

Skills: Expertise in trademark law, Computer Technology, Knowledge of Global Intellectual Property Rights Systems and Policies, and other actively developing areas of science and technology, as appropriate and as shaped by customer demand



IT Requirements: \$8.5 Million

Increased Internet Access by Customers to PTO's products and services and data; Share of Enterprise Infrastructure